DEPARTMENT OF STATE REVENUE
LETTER OF FINDINGS: 03-0189
Indiana Individual Income Tax
For the Tax Years 1997 through 2002

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of the document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUES

I. Definition of "Taxpayer" for the Purpose of Assessing the State's Individual Income Tax.

Authority: Ind. Const. art. X, § 8; IC 6-2.1-1-16; IC 6-2.1-2-2; IC 6-3-1-1 et seq.; IC 6-3-1-9; IC 6-3-1-12.

Taxpayer argues that he does not come within the definition of "taxpayer" for purposes of Indiana's individual income tax.

II. Imposition of the State's Adjusted Gross Income On Wages.

Authority: U.S. Const. amend. XIV; I.R.C. § 61; I.R.C. § 871; I.R.C. § 911; New York v. Graves, 300 U.S. 308 (1937); Bowers v. Kerbaugh-Empire Co., 271 U.S. 170 (1926); Irwin v. Gavit, 268 U.S. 161 (1925); United States v. Supplee-Biddle Hardware Co., 265 U.S. 189 (1924); Goodrich v. Edwards, 255 U.S. 527 (1921); Merchant's Loan & Trust Co. v. Smietanka, 255 U.S. 509 (1921); Doyle v. Mitchell, 247 U.S. 179 (1918); Stratton's Independence, Ltd. V. Howbert, 231 U.S. 399 (1913); United States v. Connor, 898 F2d 942 (3rd Cir. 1990); Wilcox v. Commissioner of Internal Revenue, 848 F2d 1007 (9th Cir. 1988); Coleman v. Commissioner of Internal Revenue, 791 F2d 68 (7th Cir. 1986); United States v. Koliboski, 732 F2d 1328 (7th Cir. 1984); United States v. Ballard, 535 F.2d 400 (8th Cir. 1976); United States v. Romero, 640 F2d 1014 (9th Cir. 1981); Snyder v. Indiana Dept. of State Revenue, 723 N.E.2d 487 (Ind. Tax Ct. 2000); Thomas v. Indiana Dept. of State Revenue, 675 N.E.2d 362 (Ind. Tax. Ct. 1997); Richey v. Indiana Dept. of State Revenue, 634 N.E.2d 1375 (Ind. Tax Ct. 1994).

Taxpayer states that his wages are not "income" and that only corporations are subject to federal or state income tax.

III. Voluntary Nature of the Indiana's Adjusted Gross Income Tax.

Authority: IC 6-8.1-11-2; Couch v. United States, 409 U.S. 322 (1975); Helvering v. Mitchell, 303 U.S. 391 (1938); United States v. Gerads, 999 F.2d 1255 (9th Cir.

1993); McLaughlin v. United States, 832 F.2d 986 (7th Cir. 1987); McKeown v. Ott, No. H 84-169, 1985 WL 11176 (N.D. Ind. Oct. 30, 1985).

Taxpayer maintains that both the federal and state income taxes are voluntary; having so concluded, taxpayer has decided he no longer wishes to pay income taxes and has "unvolunteered."

IV. Federal Obligations Exempt from Taxation.

Authority: 12 U.S.C.S. § 411; 18 U.S.C.S. § 8; 18 U.S.C.S. § 471; 18 U.S.C.S. § 477; 18 U.S.C.S. § 642; 31 U.S.C.S. § 3124; 31 U.S.C.S. § 3124(a); Memphis Bank & Trust Co. v. Garner, 459 U.S. 392 (1983); Smith v. Davis, 323 U.S. 111 (1944); Provenza v. Comptroller of the Treasury, 497 A.2d 831 (Md. App. Ct. 1985).

Taxpayer argues that because he is paid or ordinarily deals in Federal Reserve Notes and because federal obligations such as Federal Reserve Notes are not subject to federal or state income tax, he is not required to pay income tax.

V. Sufficiency of Taxpayer's Indiana Tax Return.

Authority: IC 6-3-1-3.5; Cooper Industries, Inc. v. Indiana Dept. of State Revenue, 45 IAC 3.1-1-1; I.R.C. § 62.

Taxpayer states that he has fulfilled his obligation under state and federal law by filing – or proposing to file – income tax returns which are filled out with "zeroes."

STATEMENT OF FACTS

Taxpayer received notices of "Proposed Assessment" from the Department of Revenue (Department). In the belief that he did not owe Indiana or federal income taxes, taxpayer submitted a written protest challenging the validity of the assessments. An administrative hearing was conducted during which taxpayer explained the basis for the protest. In addition, taxpayer submitted additional written materials to support his contentions. This Letter of Findings follows.

DISCUSSION

I. Definition of "Taxpayer" for the Purpose of Assessing the State's Individual Income Tax.

Taxpayer argues that the Department erred in assessing individual income tax because he is not a statutorily defined "taxpayer." In support of his assertion, taxpayer cites to IC 6-2.1-1-16 stating that he does not fall within one of the enumerated categories defining "taxpayer." IC 6-2.1-1-16 states in its entirety:

> "Taxpayer" means any: (1) assignee; (2) receiver; (3) commissioner; (4) fiduciary; (5) trustee; (6) institution; (7) national bank; (8) bank; (9) consignee; (10) firm;

> (11) partnership; (12) joint venture; (13) pool; (14) syndicate; (15) bureau; (16) association; (17) cooperative association; (18) society; (19) club; (20) fraternity; (21) sorority; (22) lodge; (23) corporation; (24) municipal corporation; (25) political subdivision of the state of Indiana or the state of Indiana, to the extent engaged in private or proprietary activities or business; (26) trust; (27) limited liability company (other than a limited liability company that has a single member and is disregarded as an entity for federal income tax purposes); or (28) other group or combination acting as a unit.

Taxpayer is correct in his basic assertion that he does not fall within one of the enumerated categories of "taxpayer" set out in IC 6-2.1-1-16. Taxpayer is also correct in claiming that he is in not subject to the state's gross income tax scheme. However, that determination is ultimately pointless because no individual is *ever* subject to gross income tax. The state's gross income tax is imposed exclusively on corporate business entities which are either residents or domiciliarys of Indiana or on non-resident business entities which nonetheless derive income from doing business within the state. IC 6-2.1-2-2.

Taxpayer's concern is – or should be – with the provisions of the individual adjusted gross income tax provisions as set out in IC 6-3-1-1 et seq. In establishing the adjusted gross income tax, the Indiana General Assembly exercised its prerogative, under Ind. Const. art. X, § 8, to impose the tax on both individuals and corporations. In doing so it defined an individual, subject to the adjusted gross income tax as, "a natural born person, whether married or unmarried, adult or minor." IC 6-3-1-9.

Given that taxpayer is a "natural born person," was a resident of Indiana for the year 2000 (IC 6-3-1-12), and presumptively received taxable income, the statutes imposing the state's individual adjusted gross income tax apply to the taxpayer.

FINDING

Taxpayer's protest is denied.

II. Imposition of the State's Adjusted Gross Income On Wages.

Taxpayer maintains the federal and state income tax provisions do not apply to the "wages" earned by ordinary citizens. Instead, taxpayer states both the federal and state income tax provisions are directed exclusively at the income received by corporations.

A. Corporate Profits.

Taxpayer maintains that the Department erred when it decided that taxpayer owed income tax. According to taxpayer, only corporate profits are subject to income tax and that – as a private individual – he did not receive any compensation which was subject to the federal or the state's income tax scheme.

In support of that proposition, taxpayer cites to a number of Supreme Court cases including Doyle v. Mitchell, 247 U.S. 179 (1918); Merchant's Loan & Trust Co. v. Smietanka, 255 U.S.

509 (1921); and a federal circuit court case, United States v. Ballard, 535 F.2d 400 (8th Cir. 1976).

In Doyle, the Court stated that "Whatever difficulty there may be about a precise and scientific definition of 'income' it imports . . . the idea of gain or increase arising from corporate activities." Doyle at 185. In Smietanka, the Court stated that, "There can be no doubt that the word [income] must be given the same meaning and content in the Income Tax Acts of 1916 and 1917 that it had in the Act of 1913." Smietanka at 519. Similarly, the same Court stated, "there would seem to be no room to doubt that the word must be given the same meaning in all of the Income Tax Acts of Congress that was given to it in the Corporation Excise Tax Act and that what that meaning is has now become definitely settled by decisions of this court." Id. Taxpayer reads these and the cited companion cases as supporting the proposition that the federal income tax – and by extension Indiana's adjusted gross income tax – can only be levied against corporate gain. According to taxpayer, the cases inevitably lead to the conclusion that "income" – as referred to within both the federal and companion state statutes – is exclusively limited to that definition as established under the Civil War Income Tax Act of 1867; the Corporation Excise Tax Act of 1909; and the Income Tax Acts of 1913, 1916, and 1917.

However, the cited cases do not permit such a conclusion. In the cases cited by taxpayer, the Court was asked to determine the definition of corporate income. In Doyle, the Supreme Court was asked to resolve the issue of whether the increase in value of the corporate taxpayer's standing timber constituted "income." In determining that the increase in value did not constitute corporate "income," the Court stated that the definition of corporate income had remained unchanged during the intervening recodifications of the federal corporate income tax and the ratification of the Sixteenth Amendment to the United States Constitution. In Smietanka – resolving the issue of whether a provision in a will, stipulating that accretions in the value of testamentary property should be considered additions to principal and not income – the court similarly noted that the definition of "income" had remained unchanged. The Court went on to state that. "In general, income is the gain derived from capital, from labor, or from both combined, provided it be understood to include profit gained through a sale or conversion of capital assets. . . ." Smietanka at 519.

The cited cases support the proposition that corporate gain is subject to the existing federal corporate income tax scheme. The cited cases are useful in determining whether income from the sale of mining stock is subject to corporate income tax, Goodrich v. Edwards, 255 U.S. 527 (1921), whether dividends paid on loans to German banks during World War I are subject to corporate income tax, Bowers v. Kerbaugh-Empire Co., 271 U.S. 170 (1926), whether life insurance proceeds paid to corporate beneficiaries are subject to corporate income tax, United States v. Supplee-Biddle Hardware Co., 265 U.S. 189 (1924), and whether income received from a will and designated for a granddaughter's education was subject to income tax. Irwin v. Gavit, 268 U.S. 161 (1925). The cited cases do nothing to support the assertion that *only* corporate gain is subject to the tax. Simply stated, if the courts are asked to define "corporate income," the courts will arrive at a conclusion which defines "corporate income."

In United States v. Ballard, 535 F.2d 400 (8th Cir. 1976), the court stated, in determining appellant taxpayer's individual income tax liability, that, "The general term "income" is not

defined in the Internal Revenue Code." Id. at 404. Rather, the court noted that the Internal Revenue Code operates under and employs the term "gross income." Id. However, nothing in Ballard can be read to support the proposition that the federal adjusted gross income tax is only applicable to corporate gain or that individual taxpayer's wages are not subject to imposition of the federal adjusted gross income tax. To the contrary, the court found that appellant taxpayer was liable for additional income taxes on wages received from his business. Id. at 405.

The question of what constitutes individual taxable "income" has been answered by the courts. Although not binding upon Indiana's decision to tax the wages of its own citizens, the United States Supreme Court has definitively ruled on the question of whether a citizen's individual income may be subjected to an adjusted gross income tax. In New York v. Graves, 300 U.S. 308, 312-13 (1937), Justice Stone stated as follows:

> That the receipt of income by a resident of the territory of a taxing sovereignty is a taxable event is universally recognized. Domicil itself affords a basis for such taxation. Enjoyment of the privileges of residence in the state and the attendant right to invoke the protection of its laws are inseparable from the responsibility for sharing the costs of government . . . . A tax measured by the net income of residents is an equitable method of distributing the burdens of government among those who are privileged to enjoy its benefits. The tax, which is apportioned to the ability of the taxpayer to pay it, is founded upon the protection afforded by the state to the recipient of the income in his person, in his right to receive the income and in his enjoyment of it when received. These are rights and privileges which attach to domicil within the state. To them and to the equitable distribution of the tax burden, the economic advantage realized by the receipt of income and represented by the power to control it, bears a direct relationship. *Neither the privilege nor the burden is affected by the character of the source from which the income is derived.* (*Emphasis added*).

Since that 1937 decision, the federal courts have consistently, repeatedly, and without exception determined that individual wages – no matter in what form the taxpayers have attempted to characterize, define, or label those wages – are income subject to taxation. United States v. Connor, 898 F2d 942. 943 (3rd Cir. 1990) ("Every court which has ever considered the issue has unequivocally rejected the argument that wages are not income"); Wilcox v. Commissioner of Internal Revenue, 848 F2d 1007, 1008 (9th Cir. 1988) ("First, wages are income."); Coleman v. Commissioner of Internal Revenue, 791 F2d 68, 70 (7th Cir. 1986) ("Wages are income, and the tax on wages is constitutional."); United States v. Koliboski, 732 F2d 1328, 1329 n. 1 (7th Cir. 1984) ("Let us now put [the question] to rest: WAGES ARE INCOME. Any reading of tax cases by would-be tax protesters now should preclude a claim of good-faith belief that wages – or salaries – are not taxable.") (Emphasis in original).

In addressing the identical question, the Indiana Tax Court has held that, "Common definition, an overwhelming body of case law by the United Sates Supreme Court and federal circuit courts, and this Court's opinion . . . all support the conclusion that wages are income for purposes of Indiana's adjusted gross income tax." Snyder v. Indiana Dept. of State Revenue, 723 N.E.2d 487, 491 (Ind. Tax Ct. 2000). *See also* Thomas v. Indiana Dept. of State Revenue, 675 N.E.2d 362

(Ind. Tax Ct. 1997); Richey v. Indiana Dept. of State Revenue, 634 N.E.2d 1375 (Ind. Tax Ct. 1994).

B. Wages and Earnings of Private Citizens.

Nevertheless, taxpayer maintains that even if he did receive taxable "income," because he is a private citizen and a resident of this country, he is not subject to the tax. According to taxpayer, only income received from foreign sources or income received by nonresident aliens is subject to federal income tax.

Taxpayer maintains that I.R.C. § 61 does not include "wages" or "salaries." The cited federal code section reads as follows:

> Except as otherwise provided in this subtitle, gross income means all income from whatever source derived, including (but not limited to) the following items:
>
> (1) Compensation for services, including fees, commissions, fringe benefits, and similar items;
> (2) Gross income derived from business;
> (3) Gains derived from dealings in property;
> (4) Interest;
> (5) Rents;
> (6) Royalties;
> (7) Dividends;
> (8) Alimony and separate maintenance payments;
> (9) Annuities;
> (10) Income from life insurance and endowment contracts;
> (11) Pensions;
> (12) Income from discharge of indebtedness;
> (13) Distributive share of partnership gross income;
> (14) Income in respect of a decedent; and
> (15) Income from an interest in an estate or trust.

Thereafter, taxpayer cites to I.R.C. § 871, 911 which discuss the taxability of, inter alia, the "wages, and salaries" received by "Non-resident aliens and foreign corporations." Taxpayer reads I.R.C. §§ 61, 911, and 871 together and reaches the following conclusion: I.R.C. § 61, which defines "gross income" – from which "taxable income" for both federal and state purposes is calculated – does not include the terms "wages" or salaries." I.R.C. §§ 871, 911 – setting out the responsibility for non-resident aliens, Americans living abroad, and foreign corporations to pay income tax – *does* specifically refer to both "wages" and "salaries." Therefore, I.R.C. § 61, by not specifically referencing "wages" and "salaries," excludes the wages and salaries of the average American from income tax.

Taxpayer's conclusion – that "gross income" excludes "wages" or "salaries" – does not withstand close scrutiny. It is not uncommon for statutes to omit fundamental definitions of legal concepts or for tax statutes to omit fundamental definitions of what is being taxed. One will

search the Indiana property tax statutes in vain for a definition of "land" but it is undisputed that Indiana jurisdictions levy a tax against real property. Although the Constitution does not define the words, there is no contention that "due process" is not a fundamental right guaranteed under the federal constitution and that a citizen's rights to "due process" is protected under U.S. Const. amend. XIV which states that no state shall "deprive any person of life, liberty, or property without due process of law; or deny any person within its jurisdiction the equal protection of the laws."

I.R.C. § 61 states that "gross income" includes "all income from whatever source derived." The citation itself specifically refers to "[c]ompensation for services." There is not a single court decision which has ever concluded that the average citizen's wages are not subject to either federal or state income tax. "Compensation for labor or services, paid in the form of wages or salary, has been universally, held by the courts of this republic to be income, subject to the income tax laws currently applicable." United States v. Romero, 640 F.2d 1014, 1016 (9th Cir. 1986). "[T]he earnings of the human brain and hand when unaided by capital . . . are commonly dealt with as income in legislation." Stratton's Independence, Ltd. V. Howbert, 231 U.S. 399, 415 (1913).

FINDING

Taxpayer's protest is denied.

III. Voluntary Nature of the Indiana's Adjusted Gross Income Tax.

Taxpayer argues that payment of Indiana individual income tax is voluntary and that he no longer volunteers to pay the tax. Taxpayer apparently refers to IC 6-8.1-11-2 which states as follows:

> The general assembly makes the following findings: (3) The Indiana tax system is based largely on *voluntary compliance*. (4) The development of understandable tax laws and the education of taxpayers concerning the tax laws will improve *voluntary compliance* and the relationship between the state and taxpayers. (*Emphasis added*).

Taxpayer's argument is without merit. In describing the nature of the federal tax system, the Court has stated that, "In assessing income taxes the Government relies primarily upon the disclosure by the taxpayer of the relevant facts. This disclosure it requires him to make in his annual return. To ensure full and honest disclosure, to discourage fraudulent attempts to evade the tax, Congress imposes sanctions. Such sanctions may confessedly be either criminal or civil." Helvering v. Mitchell, 303 U.S. 391, 399 (1938).

Taxpayer's basic contention – that Indiana depends on its citizens' voluntary compliance with the tax laws – is undeniable. Indeed, the state also depends on its licensed drivers to drive on the right side of the road. However, that does not mean that failure to comply with the law is without predictable consequences. "Any assertion that the payment of income taxes is voluntary is without merit. It is without question that the payment of income taxes is not voluntary." United States v. Gerads, 999 F.2d 1255, 1256 (9th Cir. 1993). "The notion that the federal income tax is

contractual or otherwise consensual in nature is not only utterly without foundation, but despite [appellant's] protestation to the contrary, has been repeatedly rejected by the courts." McLaughlin v. United States, 832 F.2d 986, 987 (7th Cir. 1987). "[A]rguments about who is a 'person' under the tax laws, the assertion that 'wages are not income', and maintaining that *payment of taxes is a purely voluntary function do not comport with common sense - let alone the law.*" McKeown v. Ott, No. H 84-169, 1985 WL 11176 at *2 (N.D. Ind. Oct. 30, 1985) (Emphasis Added). Such arguments "have been clearly and repeatedly rejected by this and every other court to review them." Id. at *1.

The Supreme Court has stated that the government's entire tax systems is "largely dependent upon honest self-reporting." Couch v. United States, 409 U.S. 322, 335 (1975). Taxpayer's bare assertion, that, based on the precatory language contained within IC 6-8.1-11-2, he no longer "volunteers" to pay income taxes and that it is sufficient to fill in his tax returns with numerous "zeroes," does not fall within a reasonable definition of "honest self-reporting."

FINDING

Taxpayer's protest is denied.

IV. Federal Obligations Exempt from Taxation.

Taxpayer maintains that because he is paid in Federal Reserve Notes and because he customarily deals in Federal Reserve notes, he is not subject to federal or state income tax.

Taxpayer points to 31 U.S.C.S. § 3124(a) which states in relevant part:

> Stocks and obligations of the United States Government are exempt from taxation by a state or political subdivision of the state. The exemption applies to each form of taxation that would require the obligation, the interest on the obligation, or both to be considered in computing a tax except-
>
> > (1) a nondiscriminatory tax franchise tax or another nonproperty tax instead of a franchise tax, imposed on a corporation; and
> >
> > (2) an estate or inheritance tax.

Taxpayer next cites to 18 U.S.C.S. § 8 which states:

> The term "obligation or other security of the United States" includes all bonds, certificates of indebtedness, national bank currency, *Federal Reserve notes*, Federal Reserve bank notes, coupons, United States notes, Treasury notes, gold certificates, silver certificates, fractional notes, certificates of deposit, bills, checks, or drafts for money, drawn by or upon authorized officers of the United States, stamps and other representatives of value, of whatever denomination, issued under any Act of Congress, and canceled United States stamps. (*Emphasis added*).

Taxpayer reads 31 U.S.C.S. § 3124(a) and 18 U.S.C.S. § 8 together for the proposition that because the term "federal obligations" includes "Federal Reserve Notes," his own income – in the form of Federal Reserve Notes – is not subject to Indiana income tax. As taxpayer states, "Your Federal government has eliminated your power to tax 'money.'"

31 U.S.C.S. § 3124 exempts federal obligations from state tax. "Section [3124] on its face applies only to written interest-bearing obligations issued pursuant to Congressional authorization." Smith v. Davis, 323 U.S. 111, 116-117 (1944). The term "obligations of the United States" as used in 21 U.S.C.S. § 3124 . . . refers to interest bearing instruments such as United States bonds. Provenza v. Comptroller of the Treasury, 497 A.2d 831, 834 (Md. App. Ct. 1985). *See also* Memphis Bank & Trust Co. v. Garner, 459 U.S. 392, 395-96 (1983). The definition of Federal Reserve Notes as 'obligations of the United States' within the context of 12 U.S.C.S. § 411 [authorizing the issuance of Federal Reserve Notes] is clearly distinguishable from the meaning used in 31 U.S.C.S. § 3124." Id.

Nonetheless, taxpayer cites to 18 U.S.C.S. § 8 which specifically states the term "obligation or other security of the United States" includes Federal Reserve Notes. What taxpayer neglects to mention is that he is citing to the criminal code and that 18 U.S.C.S. § 8 defines the term "obligation or other security of the United States" for purposes of the defining criminal activities such as counterfeiting, 18 U.S.C.S. § 471, possessing counterfeiting tools, 18 U.S.C.S. § 477, and the theft of tools for counterfeiting purposes. 18 U.S.C.S. § 642.

31 U.S.C.S. § 3124 was not intended to encompass Federal Reserve Notes because Federal Reserve Notes do not produce interest income. If the federal government should at some future date decide to pay interest on the cash we keep in our wallets, taxpayer's argument would be justified. However, until the day arrives that the federal government starts sending us interest checks based on the number of Federal Reserve Notes we then currently possess, taxpayer's argument is premature.

As the court in Provenza stated, "If [taxpayer's] argument were accepted, it would have the absurd effect of preventing state taxation of any income which may be received in Federal Reserve Notes." Provenza at 834.

FINDING

Taxpayer's protest is denied.

V. Sufficiency of Taxpayer's Indiana Tax Return.

Taxpayer maintains that he was not required to file an Indiana income return containing anything other than "zeroes." According to taxpayer, since he was not required to file federal returns, he was compelled under penalty of perjury to do no more than file an Indiana return containing "zeroes."

It is undisputed that the Indiana tax return for the tax years here at issue employs federal adjusted gross income as the starting point for determining the taxpayer's state individual income tax

liability. Line one of each IT-40 form requires the taxpayer to "Enter your federal adjusted gross income from your federal return (see page 9)."

IC 6-3-1-3.5 states as follows: "When used in IC 6-3, the term 'adjusted gross income' shall mean the following: (a) In the case of all individuals 'adjusted gross income' (as defined in Section 62 of the Internal Revenue Code) . . . ." Thereafter, the statute proceeds to delineate specific addbacks and deductions, peculiar to Indiana, which modify the federal adjusted gross income amount. The Department's regulation concisely restates the same formulary principal. 45 IAC 3.1-1-1 defines individual adjusted gross income as follows:

> Adjusted Gross Income for Individuals Defined. For individuals, "Adjusted Gross Income" is "Adjusted Gross Income as defined in Internal Revenue Code § 62 modified as follows:
>
> > (1) Begin with gross income as defined in section 61 of the Internal Revenue Code.
> > (2) Subtract any deductions allowed by section 62 of the Internal Revenue Code.
> > (3) Make all modifications required by IC 6-3-1-3.5(a).

Both the statute, IC 6-3-1-3.5, and the accompanying regulation, 45 IAC 3.1-1-1, require that an Indiana taxpayer employ the federal adjusted gross income calculation, as determined under I.R.C. § 62, as the starting point for determining that taxpayer's Indiana adjusted gross income.

Taxpayer's contention – that he was compelled by force of law to declare "0" as Indiana adjusted gross income because he declared "0" federal adjusted gross income – is patently without merit. The statute is plain and unambiguous. Indiana adjusted gross income begins with federal taxable income as defined by I.R.C. § 62, not as reported by the taxpayer. *See* Cooper Industries, Inc. v. Indiana Dept. of State Revenue, 673 N.E.2d 1209, 1213 (Ind. Tax Ct. 1996). The directions contained within the Indiana income tax form provide the individual taxpayer with abbreviated directions for completing the form and not the means for determining the taxpayer's adjusted gross income. The Indiana tax form instructs the taxpayer to put what number in what box. Those directions notwithstanding, taxpayer is nonetheless required to actually perform the calculations necessary to determine his liability for Indiana adjusted gross income tax.

Taxpayer sets out numerous other arguments challenging the validity and applicability of Indiana's individual income tax: "There are no provisions in the Internal Revenue Code (26 USC) that require anyone to submit a form 1040." Because the form 1040 does not contain a "valid OMB number," it is a "bootleg document and may be disregarded." Each of taxpayer's remaining arguments is equally as frivolous as those addressed within this Letter of Findings. The Department of Revenue will not expend further resources addressing the remaining arguments each of which unreservedly defies ordinary, common sense.

FINDING

Taxpayer's protest is denied.

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